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S E C R E T SECTION 01 OF 02 KUWAIT 001221

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STATE FOR EB/ESC/ESP (GLASS)
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STATE FOR NEA/ARP AND NEA/RA
TREASURY FOR GENERAL COUNSEL AUFHAUSER
TREASURY FOR OFAC DIRECTOR NEWCOMB
TREASURY FOR DAS FOR TERRORISM AND VIOLENT CRIMES (ZARATE)
TREASURY FOR TASK FORCE ON TERRORIST FINANCING

E.O. 12958: DECL: 2/24/2012

TAGS: [EFIN](#) [ETTC](#) [PTER](#) [PREL](#) [PGOV](#) [KU](#)

SUBJECT: TERRORIST FINANCE: POST VETTING OF PROPOSED
TERRORIST FINANCE TARGETS

REF: STATE 79970

Classified By: Per Reference Telegram DTG 272309Z MAR 03

1.(S) Two of the proposed terrorist finance designation targets described in reftel have significance for Kuwait. As requested, post provides the following comments on these two entities.

12. (S) Abdullah Al-Nafisi: Post foresees no significant negative reaction to the designation of Al-Nafisi, and believes the GOK has the legal authority, administrative capability, and political will to enforce such a designation if it is confirmed by the UN 1267 Sanctions Committee.

13. (S/NF) Social Reform Society (SRS) and subsidiaries: Post notes that it is difficult to judge the credibility of these allegations without seeing the reports upon which they are based, and requests that such reports be provided to post through ORCA channels for review as soon as possible.

14. (S) The SRS designation was originally proposed in late 2001, but the USG ultimately decided not to propose designation at that time, for reasons unknown to post. To our recollection, we were never actually instructed to engage the GOK to express our concerns about SRS. The allegations now presented appear significantly broader and more detailed than earlier reports. Post would welcome instructions to share our concerns with the appropriate GOK officials, but will need detailed and credible evidence that we can share to do so.

15. (S) Clarifications: Please note that reftel summary includes the Islamic Missionary Commission, which is another name for the SRS branch committee Lajnat al-Daawa al-Islamiyya (LDI, or Islamic Call Committee. LDI was designated on January 9, 2003 and by the UN in February. Post reported that the GOK has frozen at least KD 1.4 million in LDI assets. Additionally, post is not aware of the affiliation of the African Relief Agency with SRS, and believe this may refer to the Africa Relief Committee, another SRS subcommittee.

16. (S) Domestic Political Fallout: Public designation of SRS, with National Assembly elections only a few months away, would be a political bombshell. An untimely designation could cause some to accuse the U.S. of trying to influence the election and Kuwaiti internal politics. The Muslim Brotherhood -affiliated SRS is closely tied with a small but powerful political Islamist bloc in the National Assembly, the Islamic Constitutional Movement. Conceivably, a designation could garner the group sympathy, and cause their representation and influence to grow; or it could discredit the group causing them to lose seats and power. We would recommend discussing such issues fully with senior GOK officials before proceeding.

17. (S) Bilateral Political Fallout: An SRS designation would be big news in Kuwait. If not handled properly, it could become an unwelcome irritant in the bilateral relationship. There is also a risk that it could distract GOK officials from their unwavering support for our current war effort and undercut broad local public support at a time when we need it most.

18. (S) Recommendation: On balance, we would suggest that a public designation of SRS and/or its branches be delayed until after hostilities cease in Iraq. In the meantime, we note that reftel admits there is no evidence SRS's key management wittingly supports terrorism. We would suggest a direct approach to senior SRS officials to share our allegations and allow them to clean house quietly. (Such an approach would have to be previously discussed and coordinated with the GOK. Indeed, the GOK's new office of

Charity Oversight and Supervision, housed in the Ministry of Social Affairs and Labor, could be a valuable partner in this effort, which could serve as a springboard for a combined technical assistance mission and joint investigation.) Should SRS officials refuse to cooperate, an immediate designation of the branches would be politically more palatable. However, given the apparent lack of evidence on SRS Kuwait complicity in terrorist finance, and the precedents of the designation of branches (but not the main office) of the SRS and the Revival of Islamic Heritage Society based on a similar pattern of evidence, we would not recommend the designation of the parent SRS operation in Kuwait at this stage.

JONES